

SENATE RECORD VOTE ANALYSIS

105th Congress
1st Session

Vote No. 151

June 27, 1997, 1:16 pm
Page S-6684 Temp. Record

TAXPAYER RELIEF ACT/Strike IRA Plus Provisions

SUBJECT: Taxpayer Relief Act of 1997 . . . S. 949. Bingaman amendment No. 541.

ACTION: AMENDMENT REJECTED, 33-67

SYNOPSIS: As reported, S. 949, the Taxpayer Relief Act of 1997, will provide net tax relief of \$76.8 billion over 5 years and \$238 billion over 10 years. The cost will be more than offset by the economic dividend (\$355 billion over 10 years) that will result from balancing the budget in fiscal year (FY) 2002. This bill will enact the largest tax cut since 1981 and the first tax cut since 1986. It will give cradle-to-grave tax relief to Americans: it will give a \$500-per-child tax credit, education tax relief, savings and investment tax relief, retirement tax relief, and estate tax relief. Over the first 5 years, approximately three-fourths of the benefits will go to Americans earning \$75,000 or less. It will eliminate a third of the increased tax burden imposed by the 1993 Clinton tax hike, which was the largest tax hike in history.

The Bingaman amendment would strike the Individual Retirement Account (IRA) Plus provisions. Those provisions will establish nondeductible tax-free IRAs. An individual will be allowed to put up to \$2,000 in after-tax income annually into an IRA Plus account. That limit will be lowered by the amount, if any, that the individual puts into a deductible IRA. An individual will not be allowed to contribute more than his or her annual income. No income limits will apply to IRA Plus accounts (deductible IRAs have phase-out ranges which will be raised by this bill; the phase-out range for single taxpayers will be between \$50,000 and \$60,000 by 2004, and for married joint filers will be between \$80,000 and \$100,000). Contributions will be allowed after age 70.5. Qualified distributions will not be includible in gross income, nor will they be subject to the additional 10-percent tax on early withdrawals. A qualified distribution will be a distribution made at least 5 years after the first contribution to the IRA Plus account and which is made: to the account holder who must be at least age 59.5; to a beneficiary of the account holder on or after his or her death; to the account holder due to the account holder becoming disabled; or to the account holder for a special purpose distribution. A special purpose distribution will be for first-time homebuyers or long-term unemployed individuals. A taxpayer will be allowed to convert all or part of amounts in a present-law deductible or nondeductible IRA into an IRA Plus. If a conversion is made before January

(See other side)

YEAS (33)			NAYS (67)			NOT VOTING (0)	
Republicans (3 or 5%)	Democrats (30 or 67%)		Republicans (52 or 95%)	Democrats (15 or 33%)		Republicans (0)	Democrats (0)
Collins	Akaka	Harkin	Abraham	Helms	Baucus		
Jeffords	Bingaman	Hollings	Allard	Hutchinson	Biden		
Snowe	Boxer	Inouye	Ashcroft	Hutchison	Breaux		
	Bumpers	Johnson	Bennett	Inhofe	Bryan		
	Byrd	Kennedy	Bond	Kempthorne	Graham		
	Cleland	Kerry	Brownback	Kyl	Kerrey		
	Conrad	Lautenberg	Burns	Lott	Kohl		
	Daschle	Leahy	Campbell	Lugar	Landrieu		
	Dodd	Levin	Chafee	Mack	Lieberman		
	Dorgan	Murray	Coats	McCain	Mikulski		
	Durbin	Reed	Cochran	McConnell	Moseley-Braun		
	Feingold	Reid	Coverdell	Murkowski	Moynihan		
	Feinstein	Robb	Craig	Nickles	Rockefeller		
	Ford	Sarbanes	D'Amato	Roberts	Torricelli		
	Glenn	Wellstone	DeWine	Roth	Wyden		
			Domenici	Santorum			
			Enzi	Sessions			
			Faircloth	Shelby			
			Frist	Smith, Bob			
			Gorton	Smith, Gordon			
			Gramm	Specter			
			Grams	Stevens			
			Grassley	Thomas			
			Gregg	Thompson			
			Hagel	Thurmond			
			Hatch	Warner			
						EXPLANATION OF ABSENCE:	
						1—Official Business	
						2—Necessarily Absent	
						3—Illness	
						4—Other	
						SYMBOLS:	
						AY—Announced Yea	
						AN—Announced Nay	
						PY—Paired Yea	
						PN—Paired Nay	

1, 1999, the amount that would have been includible in gross income if the individual had withdrawn the converted amounts will be included in gross income ratably over the 4-taxable year period beginning with the taxable year in which the conversion is made. The early withdrawal tax will not apply to such conversions.

The amendment was offered after all debate time had expired. However, by unanimous consent, some debate was permitted.

Those favoring the amendment contended:

The Bingaman amendment would get rid of the backloaded IRA provision. That provision will mainly benefit rich people. Rich people cannot take advantage of deductible IRAs under current law because individuals with more than \$35,000 in adjusted gross income and married taxpayers with more than \$50,000 in adjusted gross income are totally ineligible. This bill will raise those limits substantially, but wealthy Americans will still be denied the right to put money into deductible IRAs. This bill will come to the rescue of those wealthy Americans with the equivalent of a Swiss bank account. Rich people will be allowed to put aside \$2,000 per year of after-tax income, and then not pay any taxes on the distributions, including the interest, from those accounts. We oppose this handout, and thus support this amendment.

Those opposing the amendment contended:

The Bingaman amendment would strike a huge reform from this bill that will greatly boost America's abysmally low savings rate. Americans are saving less now than they have at any time since World War II, and the tax code is largely to blame. The United States Government does not reward people for saving. The low amount of savings greatly reduces the amount of capital that is available for investment, and thus stunts growth. The particular provision that the Bingaman amendment would strike is the IRA Plus retirement account that is designed to complement the expanded deductible IRA provisions of this bill. Right now, deductible IRA limits are set so low that most Americans cannot take advantage of them. This bill will gradually raise them up to reasonable levels so that middle-income Americans will be able to save for their retirements. Those middle-income Americans, and higher-income Americans, and lower-income Americans for that matter will also be given the option of putting money into "backloaded" IRA Plus accounts. Anyone of any income level who has any after-tax savings in a year (try as Democrats might, some people still manage to get tax refunds) will be able to put money into such accounts. The money in those accounts, with a few exceptions, will then stay there for decades until those people reach age 59.5 and are eligible to withdraw it. IRA Plus accounts will prove particularly valuable for the self-employed who have fluctuating incomes. Such people do not have the ability under present law to build as stable retirement plans as businesses are able to offer to their employees because in many years they just do not have enough money to set aside. The IRA Plus provision has the strong support of Senators. Fifty-one Senators, in fact, have signed on as cosponsors to a separate IRA Plus bill. We are therefore confident that a strong majority of Senators will vote against this amendment.